



HOUSING AND REDEVELOPMENT AUTHORITY AGENDA

Tuesday, December 6, 2016

6:50 p.m.

**Coon Rapids City Center
Council Chambers**

Call to Order

Roll Call

Approval of Minutes of Previous Meeting

1. Approve Minutes of September 20, 2016 and October 18, 2016

New Business

2. Adopt Resolution HRA 16-4 Approving Loan Documents for a Project by RMS Company
3. Consider Revised Relocation Claim, Overstad Chiropractic, 1425 Coon Rapids Blvd.
4. HRA Budget and Tax Levy

Other Business

Adjourn



HRA Regular

1.

Meeting Date: 12/06/2016

SUBJECT: Approve Minutes of September 20, 2016 and October 18, 2016

Attachments

September 20, 2016 Minutes

October 18, 2016

HOUSING AND REDEVELOPMENT AUTHORITY MEETING OF SEPTEMBER 20, 2016

A meeting of the Coon Rapids Housing and Redevelopment Authority was called to order at 6:50 p.m. on September 20, 2016 in the Council Chambers.

Members Present: Chair Jerry Koch, Wade Demmer, Jennifer Geisler, Denise Klint, Ron Manning, Brad Johnson and Steve Wells

Members Absent:

CALL TO ORDER

Chair Koch called the meeting to order at 6:50 p.m.

ROLL CALL

All were present

APPROVAL OF MINUTES OF PREVIOUS MEETING

1. Approve HRA Minutes – July 19, 2016

MOTION BY COMMISSIONER DEMMER, SECONDED BY COMMISSIONER WELLS TO APPROVE THE JULY 19, 2016 MEETING MINUTES. THE MOTION PASSED UNANIMOUSLY. COMMISSIONER JOHNSON ABSTAINED.

NEW BUSINESS

2. HRA Budget and Tax Levy

STAFF REPORT WAS REVIEWED. MOTION TO APPROVE BY COMMISSIONER MANNING, SECONDED BY COMMISSIONER DEMMER. THE MOTION PASSED UNANIMOUSLY.

OTHER BUSINESS

None.

ADJOURN

MOTION BY COMMISSIONER GEISLER, SECONDED BY COMMISSIONER DEMMER, TO ADJOURN THE SEPTEMBER 20, 2016 MEETING AT 6:56 P.M. THE MOTION PASSED UNANIMOUSLY.

Approval Attestation:
Joan Lenzmeier, City Clerk

HOUSING AND REDEVELOPMENT AUTHORITY MEETING OF OCTOBER 18, 2016

A meeting of the Coon Rapids Housing and Redevelopment Authority was called to order at 7:16 p.m. on October 18, 2016 in the Council Chambers.

Members Present: Chair Jerry Koch, Wade Demmer, Jennifer Geisler, Denise Klint, Ron Manning, Brad Johnson, and Steve Wells

Members Absent:

CALL TO ORDER

Chair Koch called the meeting to order at 7:16 p.m.

ROLL CALL

All Commission members were present.

APPROVAL OF MINUTES OF PREVIOUS MEETING

NEW BUSINESS

1. Consider Relocation Claim, Overstad Chiropractic, 1425 Coon Rapids Blvd.
MOTION TO APPROVE BY COMMISSIONER KLINT, SECONDED BY COMMISSIONER GEISLER. THE MOTION PASSED UNANIMOUSLY.

OTHER BUSINESS

None.

ADJOURN

MOTION BY COMMISSIONER MANNING, SECONDED BY COMMISSIONER WELLS, TO ADJOURN THE OCTOBER 18TH, 2016 MEETING AT 7:18 P.M. THE MOTION PASSED UNANIMOUSLY.

Approval Attestation:
Joan Lenzmeier, City Clerk



HRA Regular

2.

Meeting Date: 12/06/2016

Subject: Adopt Resolution HRA 16-4 Approving Loan Documents for a Project by RMS Company

From: Matt Brown, Economic Development Coordinator

INTRODUCTION

The HRA is asked to consider a resolution approving loan documents for an expansion project by RMS Company.

DISCUSSION

RMS Company, Coon Rapids' largest private employer, proposes an expansion project. A subsidiary of Cretex Companies based in Elk River, RMS manufactures machined and molded components used in the medical device and aerospace industries. Located at 8600 Evergreen Boulevard since 1992, RMS completed expansions in 1998, 2006, and 2011. The proposed expansion project involves construction of a 60,000 square foot addition to its 215,000 square foot facility. The cost of the real estate portion of the project is estimated at \$6,900,000 and at least \$10,000,000 of equipment is expected to be purchased.

On May 17, 2016, the City Council adopted Resolution 16-63, which authorized an application for economic development funding from the State of Minnesota to assist with an expansion project by RMS Company. A forgivable loan in the amount of \$700,000 from the State's Minnesota Investment Fund (MIF) was subsequently awarded. The City Council will consider documents related to this loan at its December 6 meeting. MIF program guidelines also require local governments to provide a financial contribution for economic development projects receiving State funding. To meet this requirement, the HRA is asked to consider documents for \$138,000 in assistance. The HRA's loan terms will match those of the State MIF funds. It will be 100 percent forgivable provided RMS retains at least 711 employees (its current number) and adds at least 100 new employees within two years. The new jobs must pay at least \$17.00 per hour exclusive of benefits and at least \$25.00 per hour including benefits. If the company falls short of its job creation goals, the funds must be returned on a pro rata basis. The HRA's assistance will largely be funded by loan repayments from past MIF projects, including past projects by Industrial Door Company, Steinwall, and Biovest. These funds, which amount to approximately \$133,000, are restricted by State law to be used for economic development loans. The City Council adopted a resolution in 2013 authorizing the HRA to expend these funds. Staff proposes that the remaining \$5,000 is funded by the HRA's Commercial/Industrial Revolving Loan Fund. Like the MIF loan, the HRA loan will be secured against the equipment that will be purchased.

The HRA is asked to adopt Resolution HRA 16-4, which approves the loan documents, including a Loan Agreement and Security Agreement substantially in the form presented. Because the loan amount is less than \$150,000, State Statutes do not require a public hearing.

RECOMMENDATION

Staff recommends that the HRA adopt Resolution HRA 16-4 approving loan documents for a project by RMS Company.

Attachments

Location Map
Resolution HRA 16-4
Loan Agreement
Security Agreement
Intercreditors Agreement
Corporate Guaranty
Promissory Note
Subordination Agreement



RESOLUTION NO. HRA 16-4

RESOLUTION APPROVING LOAN DOCUMENTS FOR A PROJECT BY RMS COMPANY.

WHEREAS, rms Company, a subsidiary of Cretex Companies, Inc., proposes an expansion project for which funding is sought from the State of Minnesota; and

WHEREAS, on May 17, 2016, the Coon Rapids City Council adopted a resolution agreeing to act as legal sponsor prior to submitting an application for funding.

WHEREAS, on June 20, 2016, the State of Minnesota awarded a Minnesota Investment Fund loan in the amount of \$700,000 to the City of Coon Rapids to fund rms Company's expansion project.

WHEREAS, the State of Minnesota funding award requires a local contribution to the project.

WHEREAS, the Housing and Redevelopment Authority in and for the City of Coon Rapids (the "Authority") administers and funds a commercial and industrial revolving loan fund.

NOW, THEREFORE, BE IT RESOLVED that the Housing and Redevelopment Authority in and for the City of Coon Rapids approves the financial assistance to rms Company in the amount of \$138,000 and approves the loan documents, including the Loan Agreement, Promissory Note, Security Agreement, and any other related instruments, substantially in the form presented to the Authority.

BE IT FURTHER RESOLVED that the financial assistance is not considered a business subsidy under Minnesota Statutes 116J.993 to 116J.995.

BE IT FURTHER RESOLVED that the Chair and Secretary, or their successors in office, are hereby authorized to execute the loan documents, as are necessary to implement the project on behalf of the Authority.

Adopted this 6th day of December, 2016.

Jerry Koch, Chair

ATTEST:

Brad Johnson, Secretary

LOAN AGREEMENT

THIS AGREEMENT is made and entered into as the ____ day of _____, 20__ by and between the Housing and Redevelopment Authority in and for the City of Coon Rapids, Minnesota (the "Lender") and rms Company the "Borrower");

ARTICLE 1 Definitions

Section 1.1. **Definitions.** In this Loan Agreement, unless a different meaning clearly appears from the context:

"Benefit Date" means June 20, 2016

"Benefit" is defined as one or more of the following non-mandated compensation items paid by the Borrower on behalf of employees: health, dental, life and disability insurance, retirement program or profit-sharing.

"City" means City of Coon Rapids, Minnesota.

"County" means Anoka County.

"Compliance Date" means June 20, 2018.

"Development Property" means the real property described in Exhibit A attached (MIF funds used to purchase real estate or property improvements, equipment).

"Equipment" means the equipment purchased by the Borrower with the Loan Proceeds and described in Exhibit B attached.

"Full-Time Equivalent (FTE)" is one or more people working a sum of 2,080 hours in a calendar year.

"Initial Disbursement Date" means the date of the first disbursement of any loan proceeds by the Lender to the Borrower.

"Jurisdiction" means within the corporate boundaries of the Lender.

"Loan" means the funds loaned by the Lender to the Borrower pursuant to this Loan Agreement.

"Loan Proceeds" means the funds disbursed to the Borrower pursuant to this Loan Agreement and any proceeds thereof.

"MIF Grant" means the award of funds by the State to the Lender pursuant to the Grant Contract.

"New Jobs" means the new permanent, full time equivalent, non-contract, non-seasonal jobs to be created by the Borrower.

"Project" means the Borrower's addition of 60,000 square feet of building area and associated equipment purchase at 8600 Evergreen Boulevard in Coon Rapids, Minnesota.

"State" means the Minnesota Department of Employment and Economic Development.

"Termination Date" means the date of the final payment made by the Borrower to the Lender.

ARTICLE 2

Loan, Use of Proceeds and Conditions of Repayment

Section 2.1. **Loan/Funds.** The Lender agrees, on the terms and subject to the conditions hereinafter set forth, to make a loan to the Borrower in an aggregate principal amount not to exceed \$138,000 to purchase machinery and equipment. The obligation of the Borrower to repay the Loan shall be evidenced by the Promissory Note.

Section 2.2. **Other Project Funds.** The Borrower has secured a commitment for the private financing necessary to complete the Project, in a form and under conditions satisfactory to the Borrower and Lender. The Borrower shall commit not less than \$10 million of equity or other private financing for the completion of the Project. In addition, Borrower has secured a loan from the Minnesota Investment Fund, administered by the City, in an amount of \$700,000.00

Section 2.3. **Loan Terms.** FORGIVABLE LOAN: The Loan shall be forgiven by the Lender and the State upon satisfaction by the Borrower of the terms of this Loan Agreement. The Loan terms may not be modified without prior written approval from the State.

Section 2.4. **Early Repayment.** The Promissory Note may be prepaid in whole or in part at any time without penalty. A prepayment shall first be applied against any accrued interest, and then against any outstanding and past due payments which are due and owing hereunder or under the Loan Agreement, and then the remaining portion of such prepayment shall be applied against the remaining outstanding and unpaid principal balance.

Section 2.5. **Maintenance and Operation of the Project.** As long as any portion of the Loan is still outstanding, Borrower shall maintain and operate the Project and use the proceeds of the Loan in compliance with the terms of the Act, this Loan Agreement, and all applicable federal, state and local laws, regulations and ordinances, including but not limited to all environmental laws and regulations.

Article 3

Conditions of Lending

Section 3.1. **Condition Precedent to Any Advance.** The obligation of the Lender to close the Loan and disburse the proceeds thereof to Borrower shall, subject to waiver by DEED, be subject to the condition precedent that the Lender shall have received on or before the date of such closing the Promissory Note duly executed by the Borrower.

Section 3.2. **Further Conditions Precedent to Disbursement.** The obligation of the Lender to disburse the proceeds of the Loan shall also be subject to the following conditions precedent:

(a) The Loan which is being made to the Borrower shall be consistent with the provisions of the Revolving Loan Fund Guidelines.

(b) No Event of Default, as defined in Article 5, hereunder or event which would constitute such an Event of Default but for the requirement that notice be given or that a period of grace or time elapse, shall have occurred and be continuing.

Section 3.3. **Disbursement and Deposit of Loan Proceeds.** Upon the execution of this Loan Agreement and the satisfaction of all of the conditions specified in Section 6, the Lender shall disburse the full proceeds of the Loan to the Borrower.

Section 3.4. **Termination.** This Loan Agreement shall automatically terminate without any notice to Borrower:

(a) If no loan proceeds have been disbursed to the Borrower prior to the Compliance Date;
or

(b) If the Borrower fails to pay its debts as they become due, makes an assignment for the benefit of its creditors, admits in writing its inability to pay its debts as they become due, files a petition under any chapter of the Federal Bankruptcy Code or any similar law, state or federal, now or hereafter existing, becomes "insolvent" as that term is generally defined under the Federal Bankruptcy Code, files an answer admitting insolvency or inability to pay its debts as they become due in any involuntary bankruptcy case commenced against it, or fails to obtain a dismissal of such case within sixty (60) days after its commencement or convert the case from one chapter of the Federal Bankruptcy Code to another chapter, or is the subject of an order for relief in such bankruptcy case, or is adjudged a bankrupt or insolvent, or has a custodian, trustee, or receiver appointed for it, or has any court take jurisdiction of its property, or any part thereof, in any proceeding for the purpose of reorganization, arrangement, dissolution, or liquidation, and such custodian, trustee, or receiver is not discharged, or such jurisdiction is not relinquished, vacated, or stayed within sixty (60) days of the appointment.

ARTICLE 4

Representations, and Warranties

Section 4.1. **Representations and Warranties.** The Borrower warrants and represents, in connection with the Loan and for the benefit of the Lender, that:

- (a) It is a Minnesota business entity organization, registered and in good standing under the laws of the State of Minnesota, and is authorized to enter into this Loan Agreement and perform any of the acts required herein.
- (b) It has the legal authority and is duly authorized to operate the Project, to ensure the indebtedness of the Promissory Note and the obligations of this Loan Agreement, to execute and deliver this Loan Agreement, Promissory Note and all other documents referred to herein to which it is a party and it has taken all actions necessary and incident to its execution and delivery of this Loan Agreement and other related documents.
- (c) Its execution and delivery of this Loan Agreement, the Promissory Note, and all other documents referred to herein to which it is a party, and its incurrence of the loan and obligations evidenced by the Promissory Note, this Loan Agreement, and such other documents, does not violate any provision of law or Borrower's corporate documents.
- (d) The Promissory Note was duly and validly authorized, executed and delivered, and it constitutes the legal, valid and binding obligation of the Borrower enforceable in accordance with its terms. This Loan Agreement and all other documents referred to herein to which it is a party, have been duly and validly authorized, executed and delivered, and are the legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms, except to the extent the enforceability thereof may be limited by bankruptcy, insolvency or other law affecting creditor's rights, or the application of equitable principles generally.
- (e) It is not in violation of any provisions of its organizational documents or of the laws of local governments, State of Minnesota or U.S. Government, and there are no actions, suits or proceedings pending, or to its knowledge threatened, before or by any judicial body or governmental authority, against or effecting it, and it is not in default with respect to any order, writ, injunction, decree, or demand of any court or any governmental authority which would impair its ability to enter into this Loan Agreement or to perform any of the acts required of it in this Loan Agreement or any document referred to herein to which it is a party.
- (f) Neither the execution and delivery of this Loan Agreement, the Promissory Note, or any document referred to herein to which it is a party, nor compliance with any of the terms, conditions, requirements or provisions contained herein or in such referenced documents, is prevented by, is a breach of, or will result in a breach of any term, condition or provision of any agreement or document to which it is now a party or by which it is bound.
- (g) It will maintain adequate capital for the proper operation and administration of its duties under this Loan Agreement.

(h) Representations, statements, and other matters provided by the Borrower relating to those activities of the Project to be completed by the Borrower, which were contained in the Grant Application, were true and complete in all material respects as of the date of submission to the Lender and that such representations, statements, and other matters are true as of the date of this Loan Agreement and that there are no adverse material changes in the financial condition of the Borrower's business.

(i) The Borrower acknowledges that the State, in selecting the Lender as recipient of the Grant, relied in material part upon the assured completion of the Project to be carried out by the Borrower, and the Borrower warrants that said Project will be carried out as promised.

(j) The Borrower warrants that to the best of its knowledge, it has obtained all federal, state, and local governmental approvals, reviews, and permits required by law to be obtained in connection with the Project and has undertaken and completed all actions necessary for it to lawfully execute this Loan Agreement as binding upon it.

(k) The Borrower warrants that it shall keep and maintain books, records, and other documents relating directly to the Other Project Funds, as defined in Section 2.2, and that any duly authorized representative of the State shall, at all reasonable times, have access to and the right to inspect, copy, audit, and examine all such books, records, and other documents of the Borrower specific to the Project for six years after the expiration of the Loan Agreement or until such time that the Lender and the State have both determined that all issues, requirements, and close-out procedures relating to or arising out of the Loan have been settled and completed, whichever is later.

(l) The Borrower warrants that no transfer of any or all of the Loan Proceeds by the Lender to the Borrower shall be or be deemed an assignment of loan proceeds, and the Borrower shall neither succeed to any rights, benefits, or advantages of the Lender under the Grant Contract, nor attain any right, privileges, authorities, or interest in or under the Grant Contract.

Section 4.2. Affirmative Covenants. Borrower further warrants and agrees that:

(a) It has sufficient funds to complete the purposes of the Project and sufficient capacity to administer the Project.

(b) The Project will be performed in full compliance with all applicable federal, state and local laws, regulations, rules and ordinances, which include but are not limited to all applicable environmental laws, regulations and rules.

(c) Borrower agrees to submit reports required in Article 7 and Article 8.

ARTICLE 5

Events of Default and Rights and Remedies

Section 5.1. Events of Default. Any one or more of the following events shall be deemed and shall constitute an "Event of Default":

(a) The interest or principal due under the Promissory Note, or any other payments due and payable under this Loan Agreement or any other document referred to herein, are not paid when due and such nonpayment is not remedied within ten (10) business days after written notice thereof to the Borrower by the Lender;

(b) The Borrower is in breach of any of the requirements, terms, conditions, covenants or other agreements in this Loan Agreement, Promissory Note or other document referred to herein and remains in breach in any material respect for thirty (30) business days after written notice thereof to the Borrower by the Lender; provided, however, that if such breach shall reasonably be incapable of being cured within such thirty (30) business days after notice, and if the Borrower commences and diligently prosecutes the appropriate steps to cure such breach, no default shall exist so long as the Borrower is proceeding to cure such breach in reasonable period of time;

(c) Any representation or warranty made by the Borrower in this Loan Agreement, the Promissory Note, any other document referred to in such documents, or any financial statement, certificate, or report furnished pursuant to this Loan Agreement, or any representation or warranty made order to induce the Lender to close the Loan or disburse the proceeds of the Loan, which proves to have been untrue in any material respect or materially misleading as of the time such representation or warranty was made.

(d) Borrower shall make an assignment for the benefit of its creditors, or shall be dissolved, or shall commit an act of bankruptcy under the United States Bankruptcy Act (as now or hereafter amended), or shall admit in writing its inability to pay its debts as they become due, or shall file a petition in bankruptcy, or shall become or be adjudicated as bankrupt or insolvent, however defined, or shall file a petition seeking any reorganization, dissolution, liquidation, arrangement, composition, readjustment or similar relief under any present or future bankruptcy or insolvency statute, law or regulation, or shall file an answer admitting to or not contesting the material allegations of a petition filed against it in such proceedings, or shall not, within 60 days after the filing of such a petition against it, have the same dismissed or vacated, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of a material part of its properties, or shall not, within 60 days after the appointment (without its consent or acquiescence) of a trustee, receiver or liquidator of any material part of its properties, have such appointment vacated.

(e) A court of competent jurisdiction shall enter an order, judgment or decree approving a petition filed against Borrower seeking any reorganization, dissolution or similar relief under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors, or any trustee, receiver or liquidator of such entity, shall be appointed without the consent or acquiescence of DEED.

(f) Borrower shall refuse to allow DEED, at any reasonable time and upon prior written notice, to inspect, audit, copy or abstract, any and all of its books, records, papers or other documents relevant to the Borrower's use of the proceeds of the Loan.

(g) Borrower shall refuse to allow the Minnesota Legislative Auditor or the State Auditor for the State of Minnesota, at any reasonable time and upon prior written notice, to inspect, audit, copy or abstract, any and all books specific to the Project referred to in Section 4.1(k).

(h) Borrower shall fail to provide annual reporting information as described herein.

(i) The Borrower sells, conveys, transfers, encumbers, or otherwise disposes of all or any part of the Development Property or the Equipment without the prior written approval of the State and Lender;

(j) The Borrower merges or consolidates with any other entity without the prior written approval of the Lender;

(k) There is a loss, theft, substantial damage, or destruction of all or any part of the Development Property or the Equipment that is not remedied to the Lender's satisfaction within sixty (60) business days after written notice thereof by the Lender to the Borrower; or

(l) The Borrower is in breach of the requirements of Article 7 and Article 8, the Business Subsidy Agreement and Progress Reporting.

(m) The occurrence of any other act or event that is noncompliant under the Program.

Section 5.2. **Rights and Remedies.** Upon the occurrence of an Event of Default and at any time thereafter until such Event of Default is cured to the satisfaction of the Lender, the Lender may, at its option, exercise any and all of the following rights and remedies (as well as any other rights and remedies available to it):

(a) The Lender may, by notice in writing to the Borrower, refrain from disbursing any of the proceeds of the Loan; provided, however, the Lender may make such disbursements after the occurrence of an Event of Default without thereby waiving its rights and remedies hereunder, or waiving its right to make any additional disbursements.

(b) The Lender may, by written notice to the Borrower, declare immediately due and payable all principal and interest due under the Promissory Note, together with all other sums payable under this Loan Agreement, the Promissory Note and the same shall thereupon be immediately due and payable without presentment or other demand, protest, notice of dishonor or any other notice of any kind, all of which are hereby expressly waived.

(c) The Lender shall have the right, in addition to any other rights provided by law or equity, to enforce its rights and remedies under this Loan Agreement and the Promissory Note, or any other document referred to herein.

(d) The Lender shall have the right, in addition to any other rights provided by law or equity, to initiate litigation for the breach of any term, condition, covenant, requirement or provision contained in this Loan Agreement, the Promissory Note, or any document referred to herein, and to recover damages for such breach.

(e) The Lender shall have the right, in addition to any other rights provided by law or equity, to apply to any court, state or federal, for specific performance of any term, condition, covenant, requirement or provision contained in this Loan Agreement, the Promissory Note, or any other document referred to herein; for an injunction against any violation of any such term, condition, covenant, requirement and/or provision; or for such other relief as may be appropriate, since the injury to the Lender arising from a default under any of the terms, conditions, covenants requirements and/or provisions of this Loan Agreement, the Promissory Note or any other document referred to herein, would be irreparable and the amount of damage would be difficult to ascertain.

Section 5.3. **Rights and Remedies Cumulative.** The rights and remedies of the parties to this Loan Agreement, whether provided by operation of law or by this Loan Agreement, shall be cumulative, and the exercise by either party of any one or more of such remedies shall not be construed to preclude or waive its right to exercise, at the same or different times, any of the other such remedies for the same default or breach, or of any of its remedies for any other default or breach by the other party.

No waiver made by either such party with respect to the performance, manner or time thereof, of any obligation of the other party or any condition to its own obligation under this Loan Agreement or any document referred to herein, shall be considered a waiver of any rights of the party making the waiver with respect to the particular obligation of the other party or condition to its own obligation beyond those expressly waived in writing and to the extent thereof, or a waiver in any respect in regard to any other rights of the party making the waiver or any other obligations of the other party. No delay or failure by either party to exercise any right or remedy shall be a waiver of such right or remedy, and no single or partial exercise by either party of any right or remedy shall preclude other or further exercise thereof for the exercise of any other right or remedy at any other time.

Section 5.4. **Collection.** Upon the occurrence of an Event of Default and at any time thereafter until such Event of Default is cured to the satisfaction of the Lender and State, Borrower agrees to pay all costs and expenses of the Lender, including, but not limited to, reasonable attorney's fees, in the collection of any of the obligations or the enforcement of any of the Lender's rights. If any notice of sale, disposition or other intended action by the Lender is required by law to be given to Borrower, such notice shall be deemed reasonably and properly given if mailed to Borrower at the address specified in Section 9.14, or at such other address of Borrower as may be shown on the Lender's records, at least 15 days before such sale, disposition or other intended action.

Upon the occurrence of an Event of Default and at any time thereafter until such Event of Default is cured to the satisfaction of the Lender and State, the Lender shall have the right as its option and without demand or notice, to declare all or any part of the Loan immediately due and payable, and in

addition to the rights and remedies granted hereby, the Lender shall have all of the rights and remedies available under the Uniform Commercial Code and any other applicable law.

Section 5.5. **Assignment.** If, prior to the Termination Date, the Borrower sells, conveys, transfers, further mortgages or encumbers, or disposes of the Development Property, or any part thereof or interest therein, or enters into an agreement to do any of the foregoing, the Borrower shall immediately repay all amounts then outstanding on the Loan. This shall be in addition to any other remedies at law or equity available to the Lender.

Section 5.6. **Appointment for Foreclosure.** Upon the occurrence of an Event of Default and at any time thereafter until such Event of Default is cured to the satisfaction of the Lender and State, Borrower agrees that the Lender may appoint an individual or entity to handle the default proceedings.

ARTICLE 6

Disbursement Provisions

Section 6.1. **Payment Requisition Documentation.** The Lender will disburse the loan funds upon receipt and approval by the Lender and the State of the following documentation:

- (a) This Loan Agreement, fully executed;
- (b) Promissory note;
- (c) Evidence of equity injection in the amount of \$10 million, including equipment purchases after June 20, 2016;
- (d) Security Agreement;
- (e) Promissory Notes from the following Lenders:
 - 1) City of Coon Rapids in the amount of \$700,000.
- (f) Documentation of total project expenditures.
- (g) The Corporate Guarantee(s) of Names Cretex Companies, Inc. is required.
- (h) The Borrower shall maintain insurance in adequate amounts covering loss or damage to the collateral. The Lender must be listed as loss payee.

Upon receipt of such information, the Loan will be disbursed in a lump sum.

Section 6.2. **Review of Documents.** The Borrower shall not be entitled to any disbursement of loan proceeds until the Lender's legal counsel and the State have reviewed and approved this Loan Agreement and the exhibits attached hereto.

Section 6.3. **Adverse Changes.** The Lender and the State will not authorize disbursement of funds if there has been any adverse change in the Borrower's financial condition, organization, operations or their ability to repay the project financing.

ARTICLE 7

Progress Reporting

Section 7.1. **Progress Information.** The Borrower shall provide to the Lender information for incorporation into the Minnesota Investment Fund progress reports, as required by the State and as needed by the Lender, to monitor the Project for compliance with State and Lender guidelines. This information must be provided until the project goals have been met or until the Compliance Date, whichever is later. At the discretion of the State or Lender additional reporting may be required. This information must be submitted to the Lender no later than:

- (a) January 15, 2017 for the period ending December 31, 2016;
- (b) January 15, 2018 for the period ending December 31, 2017;
- (d) Fifteen days after the Compliance Date.

Section 7.2 Documentation to be provided to the Lender:

- (a) **Project status and the status of payments.**
- (b) **Additional Leverage.** The Borrower must provide to the Lender invoices, sworn construction statements, and or any other information, with each progress report, to document Other Project Funds in addition to the originally included project costs.
- (c) **Job Creation Documentation.** The Borrower shall provide to the Lender information on the hiring of each New Job on forms provided by the Lender. This information must include:
 - (1) Permanent jobs created;
 - (2) Job title of each New Job;
 - (3) Date of hire of each new employee;
 - (4) Hourly base wage paid;
 - (5) List of Benefits provided; and
 - (6) Hourly value of Benefits paid.
- (d) **Payroll Report.** A formal payroll report verifying job information will be due at the Compliance Date.

ARTICLE 8

Subsidy Agreement and Reporting

Section 8.1. Subsidy Agreement. The loan provided under this agreement does not constitute a subsidy under Minn. Stat. 116J.993-116J.995. However the Borrower does acknowledge and agree that the loan provided under this Agreement has been provided for the same reasons as the loan between the Borrower and the City. As such the Borrower agrees to the following:

- (1) The subsidy provided to the Borrower includes the \$138,000 loan made hereunder which will be used for machinery and equipment.
- (2) The public purposes and goals of the subsidy are to increase net jobs in the City.
- (3) The goals for the subsidy are to create jobs that pay a livable wage, per Section 8.1(b) of this Loan Agreement.
- (4) If the goals are not satisfied, the Borrower shall make payment to the Lender as required in Section 8.2 of this Loan Agreement.
- (5) The subsidy is needed because the cost of equipment make the Project economically infeasible without the Loan.
- (6) The Borrower must continue operations in the Jurisdiction for at least five years following the Benefit Date.

On the Compliance Date, the Borrower shall have:

- (1) Maintained 711 permanent, non-contract, non-seasonal FTE jobs; and
- (2) The Borrower will create 100 permanent non-contract FTE jobs, all paying at least \$17.00 per hour or more in cash wages, exclusive of Benefits, and \$25 per hour including Benefits. Benefits are defined as one or more of the following: health, dental, life and disability insurance, retirement program and profit sharing paid by the Borrower. In addition, the weighted average cash wage level for new permanent non-contract FTE jobs shall exceed \$20.00 per hour.

Section 8.2. Default on Subsidy Requirements.

(a) If the Borrower fails to meet the job creation goal and wage level commitment by the Compliance Date, the Lender may, after holding a public hearing, extend the Compliance Date for one year, after approval from the State. If after the extension, the Borrower fails to meet the job creation goal and wage commitment, the borrower will be required to repay to the Lender a pro rata share of the Loan principal at \$7,000 per FTE job not created, plus interest as defined in Section 8.2 (b) at an accelerated rate.

(b) In an Event of Default arising from a breach by the Borrower of any provision of Section 8.1 of this Loan Agreement, if the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysis of the United States Department of Commerce for the 12-month period ending March 31st of the previous year, exceeds three percent (3.00)% on the date of the earliest such Event of Default, the Borrower shall, in addition to any other payment required hereunder, pay to the Lender the

difference between the present value of the interest actually paid and accrued on the Loan as of the date of the payment required by this Section 8.2 and the amount of interest that would have been paid and accrued on the Loan if the interest rate of the Loan at all times had been equal to the implicit price deflator on the date of the earliest Event of Default;

(c) Interest required in Section 8.2 (b) shall commence to accrue as of the Initial Disbursement Date;

(d) Nothing in this Section 8.2 shall be construed to limit the Lender's rights or remedies under any other provision of this Loan Agreement, and the provisions of Section 8.2 are in addition to any other such right or remedy the Lender may have available.

(e) The Borrower shall provide to the Lender information regarding job and wage goals and results for two years after the Benefit Date or until the goals are met, whichever is later. This reporting requirement will expire if the goals are met by the Compliance Date. If the goals are not met, the Borrower must continue to provide information on the Loan until the Loan is repaid and shall include the following:

- (1) the type, public purpose, and amount of subsidies and type of district, if the subsidy is tax increment financing;
- (2) the hourly wage of each job created with separate bands of wages;
- (3) the sum of the hourly wages and cost of health insurance provided by the employer with separate bands of wages;
- (4) the date the job and wage goals will be reached;
- (5) a statement of goals identified in the subsidy agreement and an update on achievement of those goals;
- (6) the location of the recipient prior to receiving the business subsidy;
- (7) the number of employees who ceased to be employed by the recipient when the recipient relocated to become eligible for the business subsidy;
- (8) why the recipient did not complete the project outlined in the subsidy agreement at their previous location, if the recipient was previously located at another site in Minnesota;
- (9) the name and address of the parent corporation of the recipient, if any;
- (10) a list of all financial assistance by all grantors for the project; and
- (11) other information the commissioner may request.

(f) This information must be provided to the Lender no later than March 1 of each year for the previous year. If the Borrower does not submit the report, the Lender shall mail the Borrower a warning within one week of the required filing date. If, after 14 days of the postmarked date of the warning, the Borrower fails to provide a report, the Borrower must pay to the Lender a penalty of \$100 for each subsequent day until the report is filed. The maximum penalty shall not exceed \$1,000.

ARTICLE 9

Other Conditions

Section 9.1. **Project Time Frame.** The time frame outlined in the Grant Application and Grant Contract pertaining to the Project shall be met by the Borrower.

Section 9.2. **Promissory Note.** The Borrower shall execute a promissory note.

Section 9.3. **Collateral.** The Borrower shall furnish the Lender Description of collateral.

Section 9.4. **Annual Financial Statements.** For the term of the Loan, upon request of the Lender, the Borrower's parent, Cretex Companies, Inc., shall submit the most recent annual financial statement prepared in accordance with generally accepted accounting principles. The annual financial statements shall include a profit and loss statement, balance sheet, and statement of cash flow, notes and an opinion from the accountants of such statements acceptable to the Lender.

Section 9.5. **Discrimination on Account of Race, Creed, or Color.** The provisions of Minn. Stat. § 181.59 and any successor statutes, which relate to civil rights and discrimination, shall be considered a part of this Loan Agreement as though wholly set forth herein and the Borrower shall comply with each such provision throughout the term of this Loan Agreement.

Section 9.6. **Surety Deposits Required for Construction Contracts.** If the Loan is used for construction, and the Borrower is hiring, contracting, or having a contract with a nonresidential person or foreign corporation to perform construction work, the Borrower must comply with Minnesota Statutes 290.9705, as amended, by deducting and withholding eight percent of cumulative calendar year payments to the contractor which exceeds \$50,000.

This condition may be waived if (1) the contractor gives the commissioner a cash surety or a bond, secured by an insurance company licensed by Minnesota, conditioned that the contractor will comply with all applicable provisions of this chapter and chapter 297A, or (2) the contractor has done construction work in Minnesota at any time during the three calendar years prior to entering the contract and has fully complied with all provisions of this chapter and chapter 297A for the three prior years.

Section 9.7. **Publicity and Endorsement**

(a) **Publicity.** Any publicity regarding the subject matter of this Loan Agreement must identify the State as the sponsoring agency. For purposes of this provision, publicity includes notices, informational pamphlets, press releases, research, reports, signs, and similar public notices prepared by or for the Grantee individually or jointly with others, or any subcontractors, with respect to the program, publications, or services provided resulting from this grant contract.

(b) **Endorsement.** The Lender and the Borrower must not claim that the State endorses its products or services.

Section 9.8. **Workers Compensation Insurance.** The Borrower has obtained workers compensation insurance as required by Minn. Stat. § Section 176.181, subd. 2. The Borrower's workers compensation insurance information is as follows:

(a)	Company	Name:	—	American	Zurich	Insurance	Company
<hr/>							
(b)				Policy	Number:	—	WC 6726363-04
<hr/>							
(c)		Local Agent:	—	Andrew Mahoney,	Willis Towers	Watson	
<hr/>							

Section 9.9. **Effect on Other Agreements.** Nothing in this Loan Agreement shall be construed to modify any term of any other agreement to which the Lender and the Borrower are parties.

Section 9.10. **Release and Indemnification Covenants.** Except for any breach of the representations and warranties of the Lender or the negligence or other wrongful act or omission of the following named parties, the Borrower agrees to protect and defend the Lender and the governing body members, officers, agents, servants, and employees thereof, now and forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action, or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from the acquisition, construction, installation, ownership, maintenance, and operation of the Project and the Borrower's activities on the Development Property.

Section 9.11. **Modifications.** This Loan Agreement may be modified solely through written amendments hereto executed by the Borrower and the lender and approved by the State.

Section 9.12. **Notices and Demands.** Any notice, demand, or other communication under this Loan Agreement by either party to the other shall be sufficiently given or delivered only if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally:

(a)	as to the Lender:	Housing and Redevelopment Authority in and for the City of Coon Rapids, Minnesota ATTN: Matt Brown 11155 Robinson Drive NW Coon Rapids, MN 55433
(b)	as to the Borrower:	rms Company ATTN: Lee Zachman 8600 Evergreen Blvd.

or at such other address with respect to any party as that party may, from time to time, designate in writing and forward to the others as provided in this Section 9.14.

Section 9.13 Conflict of Interests; Representatives Not Individually Liable.

(a) No employee, officer or agent of the Lender shall participate in the administration of a contract supported by this loan if a conflict of interest, real or apparent, would be involved. No employee, officer or agent of the Lender may obtain a financial interest in any agreement with respect to the Loan. No employee, officer, or agent of the Lender shall be personally liable to the Borrower or any successor in interest in the event of any default or breach by the Lender or for any amount that may become due to the Borrower or on any obligation or term of this Loan Agreement.

(b) To the best of the Borrower's knowledge, no member, officer, or employee of the Lender, or its officers, employees, designees, or agents, no consultant, member of the governing body of the Lender, and no other public official of the Lender, who exercises or has exercised any functions or responsibilities with respect to the Project during his or her tenure shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with the Project or in any activity, or benefit there from, which is part of the Project.

Section 9.14. Binding Effect. The covenants and agreements in this Loan Agreement shall bind and benefit the heirs, executors, administrators, successors, and assigns of the parties to this Loan Agreement.

Section 9.15. Provisions Not Merged With Deed. None of the provisions of this Loan Agreement are intended to or shall be merged by reason of any deed transferring any interest in the Development Property and any such deed shall not be deemed to affect or impair the provisions and covenants of this Loan Agreement.

Section 9.16. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of this Loan Agreement are inserted only for convenience of reference and shall be disregarded in construing or interpreting any of its provisions.

Section 9.17. Counterparts. This Loan Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 9.18. Choice of Law and Venue. This Loan Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota without regard to its conflict of laws provisions. Any disputes, controversies, or claims arising out of this Loan Agreement shall be heard in the state of Minnesota, and all parties to this Loan Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

Section 9.19. **Waiver.** The failure or delay of any party to take any action or assert any right or remedy, or the partial exercise by any party of any right or remedy shall not be deemed to be a waiver of such action, right, or remedy if the circumstances creating such action, right, or remedy continue or repeat.

Section 9.20. **Entire Agreement.** This Loan Agreement, with the exhibits hereto, constitutes the entire agreement between the parties pertaining to its subject matter and it supersedes all prior contemporaneous agreements, representations, and understandings of the parties pertaining to the subject matter of this Loan Agreement.

Section 9.21. **Separability.** Wherever possible, each provision of this Loan Agreement and each related document shall be interpreted so that it is valid under applicable law. If any provision of this Loan Agreement or any related document is to any extent found invalid by a court or other governmental entity of competent jurisdiction, that provision shall be ineffective only to the extent of such invalidity, without invalidating the remainder of such provision or the remaining provisions of this Loan Agreement or any other related document.

Section 9.22. **Immunity.** Nothing in this Loan Agreement shall be construed as a waiver by the Lender of any immunities, defenses, or other limitations on liability to which the Lender is entitled by law, including but not limited to the maximum monetary limits on liability established by Minn. Stat. § Chapter 466.

IN WITNESS WHEREOF, the Lender has caused this Loan Agreement to be duly executed in its name and behalf and the Borrower has caused this Loan Agreement to be duly executed in its name and behalf as of the date first above written.

Housing and Redevelopment Authority in and for the City of Coon Rapids, Minnesota

By _____

Jerry Koch, Chair

By _____
Matt Stemwedel, Executive Director

rms Company

By _____
Lee Zachman, President

EXHIBIT A
Legal Description of Development Property

EXHIBIT B
Equipment List

EXHIBIT C
Grant Contract

SECURITY AGREEMENT

This security agreement (the "Security Agreement") is made and given as of this _____ day of _____, 2016, by rms Company with its principal place of business at 8600 Evergreen Boulevard Coon Rapids, MN 55433 (the "Borrower") in favor of the Housing and Redevelopment Authority in and for the City of Coon Rapids, Minnesota with its offices at 11155 Robinson Drive Coon Rapids, MN 55433 and its endorsees, successors and assigns (the "Lender").

RECITALS

- A. Lender and Borrower have entered into a certain Loan Agreement, dated _____ as of the date hereof (the "Loan Agreement"), pursuant to which Lender will loan to Borrower no more than \$138,000 (the "Loan") to assist with the purchase of machinery and equipment on the Development Property (as defined in the Loan Agreement). The Borrower has agreed to grant to the Lender a security interest in certain pieces of equipment (the "Equipment") described on the Exhibit B attached hereto, such Equipment to be located at the Development Property site described on the Exhibit A attached hereto (the "Development Property"). Borrower's payment obligations under the Loan Agreement will be evidenced by a promissory note (the "Note") dated as of the date hereof.
- B. As security for the repayment of the Loan, Lender has required that Borrower execute and deliver to Lender this Security Agreement granting a security interest to Lender in the Equipment.
- C. The Note, this Security Agreement, and any other instruments or documents given as security for the Loan are herein referred to as the "Loan Documents".

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by Borrower, it is agreed as follows:

1. Grant of Security Interest. As security for the payment and performance of the Note and all other liabilities, obligations, and indebtedness of Borrower to Lender due or to become due, direct or indirect, absolute or contingent, joint or several, howsoever created, now or hereafter at any time created, arising, or evidenced under or pursuant to the Note or this Agreement or any other document or instrument evidencing or securing the Note, Borrower does hereby transfer, assign, and grant to Lender a security interest in all of Borrower's right, title, and interest in and to the following (hereinafter collectively referred to as the "Collateral"), whether now owned or hereafter acquired or arising:

- (a) the Equipment; and
- (b) any and all proceeds of the foregoing.

2. Borrower's Representations, Warranties and Covenants. Borrower represents, warrants, covenants, and agrees:

(a) Organization. Borrower is a Minnesota corporation validly existing and in good standing under the laws of the state of Minnesota, and Borrower has full power and authority to execute, deliver, and perform the Loan Documents, and to own its property and conduct its business as presently conducted and as proposed to be conducted.

(b) Authorization. The execution, delivery, and performance of this Security Agreement have been duly authorized by all necessary action and will not:

- (i) require any consent or approval of any entity that has not been obtained; or

- (ii) violate any provision of any indenture, contract, agreement, or instrument to which Borrower is a party or by which it is bound.
- (c) Performance by Borrower. Unless Borrower obtains Lender's prior written consent, Borrower shall not:
 - (i) terminate its interest in any of the Collateral; or
 - (ii) sell, transfer, or assign, or offer to sell, transfer or assign all or any part of the Collateral or permit all or any part of the Collateral to be sold, transferred, or assigned; or
 - (iii) remove or consent to the removal of any of the Equipment from the Development Property.
- (d) Title to Collateral. Borrower shall keep good marketable title to all of the Collateral, and none of the Collateral is subject to any lien or security interest except for the security interest created by this Security Agreement and other security interests consented to in writing by Lender. Borrower has not granted, and will not grant or permit to exist, any lien or security interests in all or a portion of the Collateral other than the liens in favor of Lender and other liens consented to in writing by Lender. Borrower shall defend the Collateral against all claims and demands of all and any other persons at any time claiming any interest therein adverse to Lender.
- (e) Actions and Proceedings. There are no actions at law, suits in equity, or other proceedings pending before or expected to be filed with any court, governmental agency, commission, bureau, tribunal, or other arbitration proceedings against or affecting Borrower that if adversely determined would adversely affect Borrower's interest in the Collateral or would adversely affect the rights of Borrower to pledge and assign all or a part of the Collateral or the rights and security afforded Lender hereunder.
- (f) Insurance. Borrower agrees it will keep the Equipment insured at all times against loss by fire and other hazards concerning which, in the judgment of Lender, insurance protection is reasonably necessary and in amounts sufficient to protect against loss or damage of the Equipment. Such policy or policies will contain a loss payable clause in favor of Lender or its successors or assigns, in form satisfactory to Lender, provided, however, that Borrower may, at its reasonable discretion, self-insure the Equipment.
- (g) No Fixture. If any of the Collateral is or becomes a fixture, Borrower agrees to furnish Lender, at Lender's request, with a statement or statements signed by all persons who have or claim an interest in the real estate concerned, which statements shall provide that the signer consents to the security interest created hereby and disclaims any interest in the Collateral as fixtures.
- (h) Understandings Regarding Collateral. Borrower acknowledges that the Collateral is of the design, capacity, and manufacture specified for and by Borrower, and that Borrower is satisfied that the same is suitable for its intended purposes. Borrower further acknowledges and agrees that Lender has not made, and does not make, any representation, warranty, or covenant with respect to merchantability, fitness for any purpose, durability, patent, copyright or Economic mark infringement, suitability, or capability of any item of Collateral in any respect or in connection with any other purpose or use of Borrower, or any other representation, warranty, or covenant of any kind or character expressed or implied with respect thereto. Borrower accordingly agrees not to assert any claim whatsoever against Lender based thereon. Borrower further

agrees, regardless of cause, not to assert any claim whatsoever against Lender for loss of anticipatory profits or consequential damages.

(i) Use of Collateral. The Collateral will be used for its intended business purpose and will at all times be located at the Development Property.

(j) Condition of Collateral. Borrower will keep the Collateral in good condition and repair, reasonable wear and tear excepted, will permit Lender to enter upon the Development Property at reasonable times for the purpose of examining the Collateral.

(k) Costs of Collection. In the event of any action or proceeding to collect or realize upon the Collateral or to enforce any of Lender's rights hereunder, Borrower shall pay:

(i) all of Lender's attorneys fees and other legal expenses, with interest thereon, incurred by Lender;

(ii) all taxes, levies, insurance expenses, and costs of repairs to, or maintenance of, the Collateral; and

(iii) all costs of Lender incurred in taking possession of, disposing of or preserving the Collateral after any Event of Default (defined below).

3. Event of Default. Upon the event of a default under the Loan Agreement, Lender may exercise any remedy available to it under the terms of the Loan Agreement.

4. Further Assurances. Borrower shall execute and deliver to Lender, promptly and at Borrower's expense, Uniform Commercial Code ("Code") financing statements and evidence of tax filings and payments, including without limitation a UCC-1 Financing Statement in substantially the form set forth by the Minnesota Secretary of State's Office. Borrower agrees that: (i) Lender is authorized, at its option, to file a carbon, photographic, or other reproduction of this Agreement as a financing statement and that such statement shall be sufficient as a financing statement under the Code; and (ii) Lender is authorized to file financing statements or amendments thereto without the signature of Borrower, provided that if a signature is required by law, then Borrower appoints Lender as Borrower's attorney-in-fact to execute any such financing statements.

5. Cumulative Remedies. All of Lender's rights and remedies herein are cumulative and in addition to any rights or remedies available at law or in equity including the Code, and may be exercised concurrently or separately. Borrower shall pay all costs, expenses, losses, damages and legal costs (including attorneys fees) incurred by Lender as a result of enforcing any terms or conditions of this Agreement.

6. No Liability Imposed on Lender. Lender shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge any obligation, duty, or liability, nor shall this Agreement operate to place responsibility for the control, care, or management of the Equipment upon Lender.

7. Indemnification. Borrower agrees to defend, protect, indemnify and hold Lender harmless of and from any and all liability, loss, and damage that Lender does, may, or might incur under or by reason of this Agreement, and of and from any and all claims and demands whatsoever which may be asserted against Lender by reason of any alleged obligations or undertakings to perform or discharge any of the terms, covenants, or agreements contained herein. Should Lender incur any such liability or be required to defend against any such claims or demands, or should a judgment be entered against Lender, the amount thereof, including costs, expenses, and reasonable attorney's fees, shall bear interest thereon at the rate then in effect on

the Note, shall be secured hereby, shall be added to the Loan, and Borrower shall reimburse Lender for the same immediately upon demand, and upon the failure of Borrower so to do, Lender may declare the Loan immediately due and payable.

8. Expenses of Borrower. All expenses in protecting, storing, warehousing, insuring, handling, and shipping of the Collateral, all costs of keeping the Collateral free of liens, encumbrances and security interests (other than the security interest created by this Agreement) and the removing of the same and all excise, property, sales, and use taxes imposed by state, federal, or local authority on any of the Collateral or with respect to the sale thereof, shall be borne and paid for by Borrower and if Borrower fails to promptly pay any amounts thereof when due, Lender may, at its option, but shall not be required to, pay the same, and upon such payment the same shall constitute obligations and shall bear interest at the rate specified in the Note and shall be secured by the security interests granted hereunder.

9. Continuing Rights. The rights and powers of Lender hereunder shall continue and remain in full force effect until the Loan is paid in full.

10. Books and Records. Borrower will permit Lender and its representatives to examine Borrower's books and records (including data processing records and systems) with respect to the Collateral and make copies thereof at any time and from time to time, and Borrower will furnish such information reports to Lender and its representatives regarding the Collateral as Lender and its representatives may from time to time request. Lender shall have the authority, at any time, to require Borrower to place upon Borrower's books and records relating to the Collateral and other rights to payment covered by the security interest created in this Agreement a notation stating that any such Collateral and other rights of payment are subject to a security interest in favor of Lender.

11. Effect on Other Agreements. Nothing in this Agreement shall be construed to modify any term of any other agreement to which Lender and Borrower are parties.

12. Release and Indemnification Covenants. Except for any breach of the representations and warranties of Lender or the negligence or other wrongful act or omission of the following named parties, Borrower agrees to protect and defend Lender and the governing body members, officers, agents, servants and employees thereof, now and forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from the acquisition, construction, installation, ownership, maintenance, and operation of the Equipment.

13. Modifications. This Agreement may be modified solely through written amendments hereto executed by Lender and Borrower and approved by the State.

14. Notices and Demands. Any notice, demand, or other communication under this Agreement by either party to the other shall be sufficiently given or delivered only if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally:

- | | | |
|-----|---------------------|--|
| (a) | as to the Lender: | Coon Rapids HRA
ATTN: Executive Director
11155 Robinson Drive
Coon Rapids, MN 55433 |
| (b) | as to the Borrower: | rms Company
ATTN: Lee Zachman
8600 Evergreen Blvd
Coon Rapids, MN 55433 |

or at such other address with respect to any party as that party may, from time to time, designate in writing and forward to the others as provided in this Section 14.

15. Conflict of Interests; Representatives Not Individually Liable. No officer or employee of Lender may acquire any financial interest, direct or indirect, in this Agreement, the Equipment, or in any contract related to the Equipment. No officer, agent, or employee of Lender shall be personally liable to Borrower, or any successor in interest, in the event of any default or breach by Lender or for any amount which may become due to Borrower or on any obligation or term of this Agreement.

16. Binding Effect. The covenants and agreements in this Agreement shall bind and benefit the heirs, executors, administrators, successors, and assigns of the parties to this Agreement.

17. Merger. None of the provisions of this Agreement are intended to or shall be merged by reason of any deed transferring any interest in the Development Property and any such deed shall not be deemed to affect or impair the provisions and covenants of this Agreement.

18. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

19. Counterparts. This Agreement may be executed in any number of counterparts, each of whom shall constitute one and the same instrument.

20. Choice of Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the state of Minnesota without regard to its conflict of laws provisions. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

21. Waiver. The failure of any party to take any action or assert any right or remedy, or the partial exercise by any party of any right or remedy, shall not be deemed to be a waiver of such action, right, or remedy if the circumstances creating such action, right, or remedy continue or repeat.

22. Entire Agreement. This Agreement, with the other Loan Documents constitutes the entire agreement between the parties pertaining to its subject matter and it supersedes all prior contemporaneous agreements, representations, and understandings of the parties pertaining to the subject matter of this Agreement.

23. Separability. Wherever possible, each provision of this Agreement and each related document shall be interpreted so that it is valid under applicable law. If any provision of this Agreement or any related document is to any extent found invalid by a court or other governmental entity of competent jurisdiction, that provision shall be ineffective only to the extent of such invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement or any other related document.

24. Immunity. Nothing in this Agreement shall be construed as a waiver by the Lender of any immunities, defenses, or other limitations on liability to which the Lender is entitled by law, including but not limited to the maximum monetary limits on liability established by Minnesota Statutes, Chapter 466.

25. Other Matters. All representations and warranties contained in this Agreement or in any other agreement between Borrower and Lender shall survive the execution, delivery and performance of this Agreement and the creation and payment of any indebtedness to Lender. Borrower waives notice of the acceptance of this Agreement by Lender.

IN WITNESS WHEREOF, Lender has caused this Agreement to be duly executed in its name and behalf and Borrower has caused this Agreement to be duly executed in its name and behalf as of the date first above written.

HOUSING AND REVELOPEMENT AUTHORITY IN AND FOR THE CITY OF COON RAPIDS, MINNESOTA

By _____

Its _____

By _____

Its _____

rms COMPANY

By _____

Its _____

By _____

Its _____

EXHIBIT A
DEVELOPMENT PROPERTY

LEGAL DESCRIPTION

LEGAL DESCRIPTION HERE

EXHIBIT B TO SECURITY AGREEMENT

DESCRIPTION OF EQUIPMENT

INTERCREDITOR AGREEMENT

THIS AGREEMENT, dated the ____ day of _____, 20____, is made and entered into by and between City of Coon Rapids and the Housing and Redevelopment Authority in and for the City of Coon Rapids, a public body corporate and politic under the laws of the State of Minnesota (hereinafter "HRA"); together known as the "Creditors" and rms Company, (hereinafter "rms")

WITNESSETH:

WHEREAS, City of Coon Rapids has loaned to rms the principal sum of Seven Hundred Thousand and no/100 Dollars (\$700,000.00). Said loan will be made pursuant to a Loan Agreement dated _____, 201____, a Promissory Note dated _____, 201____, and Security Agreement of even date.

WHEREAS, the HRA has loaned to rms Company the principal sum of One Hundred Thirty-Eight Thousand and no/100 Dollars (\$138,000.00) pursuant to a Loan agreement dated _____, 201____, Promissory Note dated _____, 201____, and Security Agreement of even date.

WHEREAS, the purpose of this agreement is to set forth the respective rights of the parties in said security and to set forth procedures to be taken upon occurrence of an event of default under the various loan documents.

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, the parties agree as follows:

1. All property pledged as security in the loan documents referenced herein above are collectively referred to as "Collateral".
2. This agreement shall only relate to the relative position of the Creditors and shall have no effect on the credit obligations between each Creditor and rms.
3. The Creditors hereto agree that their respective security interests are of equal priority, regardless of the dates or times of recording or perfecting liens for security interests. It is the understanding of the parties hereto that they shall have a shared first priority security interest/lien in the Collateral,
4. The filling of a Partial Termination Statement by a Creditor shall only effect Its secured position relative to the property released. The filling of a Termination Statement by a Creditor shall release its secured interest in the assets of rms; however, the Creditor shall be bound by the terms of this Intercreditor Agreement during the entire term of this agreement.
5. This agreement shall commence on the date herein and shall remain in full force

and effect so long as a Debtor-Creditor relationship exists between rms and the Creditors.

6. The Creditors each agree to provide the other written notice promptly following their actual knowledge of an event of default under their respective loan documents (hereinafter "Notice of Default").
7. An event of default as to one Creditor shall constitute an event of default as to all Creditors.
8. Following a Notice of Default, any payments of principal or of interest which may be received by any of the Creditors, together with any and all proceeds from the sale or other disposition of the Collateral shall be applied as follow:
 - a. First, to the payment of costs and expenses of collection, including the payment of all taxes, assessments and other superior liens, if any, except liens subject to which such sale exercise of rights shall have been made.
 - b. Second, to the payment of the principal and secured interest then owing and unpaid on the loans made by the respective Creditors. Said payments shall be distributed on a pro rata basis to the respective Creditors according to the ratio of the principal and interest balance of each party's loan described herein to Borrower divided by the total principal and interest balances of the respective Creditor's loans described herein to rms.
 - c. Third, to payment of the surplus if any, to whomever shall be lawfully entitled to the same.
9. All notices, demands, requests and consents under this agreement shall be in writing and shall be mailed by first class mail, postage prepaid to the addresses of the parties as noted in the loan documents or applications.
10. This agreement shall be deemed a contract made under the laws of the State of Minnesota and for all purposes shall be construed in accordance with the laws of the State of Minnesota.
11. This agreement shall be binding upon the parties hereto and their respective successors and assigns and shall inure to the benefit of the Creditors and their respective successors and assigns.
12. Any amendment of this agreement shall be in writing and shall require the signature of all the parties. The Creditors hereto agree that they will not change, modify or amend in any way the respective loan documents with rms without the prior written consent of the other Creditors.

IN WITNESS WHEREOF, the parties have executed this Intercreditor Agreement as of the day and year first above written.

HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF
COON RAPIDS

By: Jerry Koch, Chair

By: Brad Johnson, Secretary

CITY OF COON RAPIDS

By: Jerry Koch, Mayor

By: Matt Stemwedel, City Manager

rms COMPANY

By: Lee Zachman, President

GUARANTY – CORPORATE

In order to induce the Housing and Redevelopment Authority in and for the City of Coon Rapids, Minnesota (the "Lender"), to extend credit or other financial accommodations to rms Company, a Minnesota corporation (the "Borrower"), in an original principal amount of \$138,000 (the "Loan"), and as evidenced by the Housing and Redevelopment Authority in and for the City of Coon Rapids, Minnesota Promissory Note (the "Note") of even date herewith executed by the Borrower in the original principal amount of \$138,000 payable to the order of the Lender, the undersigned (the "Guarantor") hereby:

I. Unconditionally and absolutely guarantees to the Lender:

(a) The full and prompt payment when due, whether at the maturity date specified in the Note or earlier upon acceleration of maturity pursuant to the provisions thereof, of principal, interest, and late charges, if any, specified in the Note and any and all renewals thereof including notes taken in substitution therefore; and,

(b) The payment and performance by the Borrower and any accommodating parties of their obligations under and pursuant to the Loan and any and all documents related thereto, including specifically, but not by way of limitation, the City of Coon Rapids Loan Agreement (the "Loan Agreement"), the City of Coon Rapids and the City's Security Agreement and Fixture Financing Statement (the "Security Agreement"), each of even date herewith and to which Borrower is a party.

(The Note and such other liability, indebtedness and obligations, are hereinafter collectively referred to as the "Obligations"); together with the full and prompt payment of any and all of Lender's fees, costs and expenses of and incidental to the enforcement of the Obligations, and the enforcement of this Guaranty, including, without limitation, reasonable attorneys' fees, plus interest thereon at the lesser of 18% per annum based upon a 365 day year or the highest rate authorized by law.

2. Agrees that the Lender may demand payment from the Guarantor of any installment (or portion thereof) of principal or interest on the Loan, when due, and the Guarantor shall immediately pay the same to the Lender, and the Lender may demand payment or performance of any or all of the Obligations, when such payment or performance is due or required, and the Guarantor shall immediately pay or perform the same, whether or not the Lender has commenced repossession of any or all collateral or security, or foreclosure of any security interest, mortgage or other lien in or on any of such collateral and security, or otherwise exercised its rights and remedies hereunder or under the Loan, the documents related thereto, or applicable law.

3. Waives (i) presentment, demand, notice of non-payment, protest and notice of protest and dishonor on the Obligations, (ii) notice of acceptance of this Guaranty by the Lender, and, (iii) notice of the creation or incurrence of the Obligations by the Borrower.

4. Grants to Lender, without notice to the Guarantor, which notice is hereby waived by the Guarantor, and subject only to the provisions of any agreement between the Debtor or any other party and Lender at the time in force, the following powers, subject to Lender providing prior written notice to Borrower and only after receiving written approval from the Borrower:

(a) To modify or otherwise change any terms of all or any part of the Obligations or the rate of interest thereon, (but not to increase the principal amount of the Note), to grant any extension or renewal thereof and any other indulgence with respect thereto, and to effect any release, comprise or settlement with respect thereto;

(b) To enter into any agreement of forbearance with respect to all or any part of the Obligations, or with respect to all or any part of the collateral or security, and to change the terms of any such agreement;

(c) To forbear from calling for additional collateral or security, or to secure any obligation comprised in any collateral pledged to secure repayment of the Obligations;

(d) To consent to the substitution, exchange, or release of all or any part of the collateral or security, whether or not any such collateral or security received by the Lender upon any such substitution, exchange, or release shall be of the same or of a different character or value than the collateral or security surrendered by Lender; and

(e) In the event of nonpayment when due, whether by acceleration or otherwise, of any of the Obligations, or in the event of default in the performance of any obligation comprised in the collateral or security, to realize on such collateral or any part thereof, as a whole or in such parcels or subdivided interest as the Lender may elect, at any public or private sale or sales, for cash or on credit or for future delivery, without demand, advertisement of notice of the time or place of sale or any adjournment thereof (the Guarantor hereby waiving any such demand, advertisement and notice to the extent permitted by law), or by foreclosure or otherwise, or to forbear from realizing thereon, all as Lender in its sole and uncontrolled discretion may deem proper, and to purchase all or any part of such collateral or security for its own account at any such sale or foreclosure, such powers to be exercised only to the extent permitted by law.

5. Agrees that the Lender shall not be required to first resort for payment to the Borrower or any other person, corporation or entity, or their properties or estates, or any collateral or security, or other rights or remedies whatsoever, prior to enforcing this Guaranty.

6. Agrees that this Guaranty shall be construed as a continuing, absolute, and unconditional guaranty without regard to (i) the validity, regularity or enforceability of the Obligations, or the disaffirmance thereof in any insolvency or bankruptcy proceeding relating to the Borrower, or (ii) any event or any conduct or action of the Borrower, the Lender, or any other party which might otherwise constitute a legal or equitable discharge of a surety or

guarantor but for this provision.

7. Agrees that this Guaranty shall remain in full force and effect and be binding upon the Guarantor until the Obligations are paid in full.

8. Agrees that no act, omission or thing, except full payment and discharge of the Obligations, which but for this provision could act as a release or impairment of the liability of the Guarantor, or any of them, and the Guarantor waive any and all defenses of the Borrower pertaining to the Obligations, any evidence thereof, and any collateral or security therefore, except the defense of discharge by payment in full.

9. Agrees that the Lender is expressly authorized to forward or deliver any or all collateral or security which may at any time be placed with it by the Borrower, the Guarantor, or any other person, directly to the Borrower for collection and remittance or for credit, or to collect the same in any other manner and to renew, extend, compromise, exchange, release, surrender or modify the installments of, any or all of such collateral or security with or without consideration and without notice to the Guarantor, and without in any manner affecting the absolute liability of the Guarantor hereunder. Further that the liability of the Guarantor hereunder shall not be affected or impaired by the failure, neglect or omission on the part of the Lender to realize upon the Obligations, or upon any collateral or security therefore, nor by the taking by the Lender of any other guaranty or guaranties to secure the Obligations or any other indebtedness of the Borrower to the Lender, nor by the taking by the Lender of collateral or security of any kind, nor by any act or failure to act whatsoever which, but for this provision, might or could in law or in equity act to release or reduce the Guarantor's liability hereunder.

10. Guarantor's obligations hereunder, and the rights of Lender in the collateral or security, shall not be released, discharged or in any way affected, nor shall the Guarantor have any rights or recourse against Lender, by reason of the fact that (i) any of such collateral or security may be in default at the time of acceptance thereof by Lender or later, (ii) a valid lien in any of such collateral or security may not be conveyed to, or created in favor of, Lender, (iii) any of such collateral or security may be subject to equities or defenses or claims in favor of others, or may be invalid or defective in any way, (iv) any of the Obligations may be invalid for any reason whatsoever, (v) the value of any of such collateral or security, or the financial condition of the Debtor or of any obligor under or guarantor of any of such collateral or security, may not have been correctly estimated or may have changed or hereafter change, (vi) there may have been any deterioration, waste, or loss by fire, theft, otherwise of any of such collateral or security, unless such deterioration, waste, or loss be caused by the willful act or willful failure to act of the Lender.

11. Agrees that so long as any portion of the Obligations are due and owing, or to become due and owing, by the Borrower to the Lender, the Guarantor shall not, without the prior written consent of the Lender, collect or seek to collect from the Borrower the claim, if any, by subrogation or otherwise, acquired by the Guarantor through payment of any part or all of the Obligations.

12. Agrees that the liability of the Guarantor hereunder shall not be affected or impaired by the existence or creation from time to time, with notice to and approval from the Guarantor, of indebtedness from the Borrower to the Lender in addition to the indebtedness evidenced by the Note.

13. Agrees that the possession of this instrument of guaranty by the Lender shall be conclusive evidence of due execution and delivery hereof by the Guarantor.

14. Agrees that this Guaranty shall be binding upon the legal representatives, successors and assigns of the Guarantor, and shall inure to the benefit of the Lender and its successors, assigns and legal representatives. That, notwithstanding the foregoing, the Guarantor shall have no right to assign or otherwise transfer its rights and obligations under this Guaranty to any third party without the prior written consent of the Lender, and that any such assignment or transfer shall not release or affect the liability of the Guarantor hereunder in any manner whatsoever.

15. Agrees that the Guarantor may be joined in any action or proceeding commenced against the Borrower in connection with or based upon the Obligations, and recovery may be had against the Guarantor in any such action or proceeding or in any independent action or proceeding against the Guarantor should the Borrower fail to duly and punctually pay any of the principal of or interest on the Obligations, without any requirement that the Lender first assert, prosecute or exhaust any remedy or claim against the Borrower or against any collateral or security.

16. Agrees that upon the occurrence at any time of an event of default under either the Note or the Loan Agreement, and during the continuance thereof, the Lender shall have the right to set off any and all amounts due hereunder by the Guarantor to the Lender against any indebtedness or obligation of the Lender to the Guarantor.

17. Agrees that the Guarantor shall be liable to the Lender for any deficiency remaining after foreclosure of any mortgage or any security interest granted by the Borrower, the Guarantor or any third party to the Lender to secure repayment of the Obligations and the subsequent sale by the Lender of the property subject thereto to a third party (whether at a foreclosure sale or at a sale thereafter by the Lender in the event the Lender purchases said property at the foreclosure sale), notwithstanding any provision of applicable law which may prevent the Lender from obtaining a deficiency judgment against, or otherwise collecting a deficiency judgment from, the Borrower, including, without limitation, Minn. Stat. § 582.30.

18. Notwithstanding any payment or payments made by the Guarantor hereunder or any setoff or application of funds of the Guarantor by the Lender, the Guarantor shall not be entitled to be subrogated to any of the rights of the Lender against the Borrower or any other guarantor or any collateral, security or guarantee or right of offset held by the Lender for the payment of the Obligations, nor shall the Guarantor seek or be entitled to seek any contribution

or reimbursement from the Borrower or any other guarantor in respect of payments made by the Guarantor hereunder, until all amounts owing to the Lender by the Borrower on account of the Obligations are irrevocably paid in full. If any amount shall be paid to the Guarantor on account of such subrogation rights at any time when all of the Obligations shall not have been irrevocably paid in full, such amount shall be held by the Guarantor in trust for the Lender, segregated from other funds of the Guarantor, and shall forthwith upon receipt by the Guarantor be turned over to the Lender in the exact form received by the Guarantor (duly endorsed by the Guarantor to the Lender if required), to be applied against the Obligations, whether matured or unmatured, in such order as the Lender may determine. Notwithstanding any of the foregoing, to the extent any right of subrogation which the Guarantor may have pursuant to this Guaranty or otherwise, or any right of reimbursement or contribution or similar right against the Borrower, any property of the Borrower or any other guarantor of any of the Obligations would result in the Guarantor being a "creditor" of the Borrower within the meaning of Section 547 of Title 11 of the United States Bankruptcy Code as now in effect or hereafter amended, or any comparable provision of any successor statute, the Guarantor hereby irrevocably waives such right of subrogation, reimbursement or contribution .

19. Agrees that this Guaranty shall be deemed a contract made under and pursuant to the laws of the State of Minnesota, and shall be governed by and construed under the laws of such state. That, wherever possible, each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Guaranty shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Guaranty, and to such extent the provisions of this Guaranty shall be severable.

20. Agrees that no failure on the part of the Lender to exercise, and no delay in exercising, any right or remedy hereunder shall operate as or constitute a waiver thereof, nor shall any single or partial exercise of any right or remedy hereunder preclude any other or further exercise thereof, or the exercise of any other right or remedy granted hereby or by any related document or by law.

21. Waives any and all claims against the Lender and defenses to performance and payment hereunder relating in any way, directly or indirectly, to the performance of the Lender's obligations or exercise of any of its rights under the Note and the documents related thereto.

22. Warrants and represents to the Lender as follows:

(a) This Guaranty constitutes the legal, valid and binding obligation of the Guarantor enforceable in accordance with its terms (subject, as to enforceability, to limitations resulting from bankruptcy, insolvency or other similar laws affecting creditors' rights generally).

(b) There is no action, suit or proceeding pending or, to the knowledge of the

Guarantor, threatened against or affecting the Guarantor which, if adversely determined, would have a material adverse effect on the condition (financial or otherwise), properties or assets of the Guarantor, or which would question the validity of this Guaranty or any instrument, document or other agreement related hereto or required hereby, or impair the ability of the Guarantor to perform its obligations hereunder or thereunder.

(c) Guarantor are not in default of any material provision under any material agreement, instrument, decree or order to which it is a party, or by which it or its property is bound or affected.

(d) No consent, approval, order or authorization of, or registration, declaration or filing with, or notice to, any governmental authority or any third party is required in connection with the execution and delivery of this Guaranty or any of the agreements or instruments herein mentioned to which the Guarantor is a party, or the carrying out or performance of any of the transactions required or contemplated hereby or thereby, or, if required, such consent, approval, order or authorization has been obtained or such registration, declaration or filing has been accomplished, or such notice has been given prior to the date hereof.

(e) Guarantor have filed all tax returns required to be filed, and have paid all taxes shown thereon to be due, including interest and penalties, which are not being contested in good faith and by appropriate proceedings, and it has no information or knowledge of any objections to or claims for additional taxes in respect of federal income or excess profits tax returns for prior years.

23. Agrees that the liability of the Guarantor and any other guarantor of the Obligations shall be joint and several.

24. Acknowledge, understand, and agree that if Lender enters into, has entered into, or will enter into, any form of guaranty with any other lending institution under which it guaranties a portion of the Obligations, then the Guarantor will not be a coguarantor with the Board, shall have no right of contribution with the Lender, shall have no right of contribution against the Lender, and all liability hereunder shall continue notwithstanding payment by the Lender under any guaranty to such other lending institution.

25. Agrees that the Guarantor will directly or indirectly benefit by the making of the Loan, and that the Lender has agreed to make the Loan in reliance upon this Guaranty.

26. Agrees that if, at any time, all or any part of any payment previously applied by the Lender to any of the Obligations must be returned by the Lender for any reason, whether by court order, administrative order or settlement, the Guarantor shall remain liable for the full amount returned as if said amount had never been received by the Lender, notwithstanding any term of this Guaranty or the cancellation or return of any note or other agreement evidencing the Obligations.

27. Agrees that all liability hereunder shall continue notwithstanding the incapacity, lack of authority, death, or disability of any one or more of the Guarantor, and that any failure by the Lender or its assigns to file or enforce a claim against the estate of any of the Guarantor shall not operate to release any other of the Guarantor from liability hereunder. The failure of any other person to sign this Guaranty shall not release or affect the liability of any of the Guarantor.

28. Consents to the personal jurisdiction of the state and federal courts located in the State of Minnesota in connection with any controversy related to this Guaranty, waives any argument that venue in such forums is not convenient, and agrees and consents that any litigation initiated by either the Borrower, the Guarantor or the Lender relating to and in connection with this Guaranty shall venue in the District Court for the County of Anoka, State of Minnesota.

29. Upon demand by Lender or holder of the Note, agrees to furnish Lender or the holder of the Note, so long as any part of the Obligations remain unpaid, an annual audited financial statement setting forth, in reasonable detail, the assets, liabilities, and net worth of the Guarantor.

THE UNDERSIGNED entered into and executed this City of Coon Rapids Guaranty on the day and date indicated immediately below their respective signatures.

GUARANTOR: Cretex Companies, Inc.

_____.
Executed on _____, 2016.

STATE OF MINNESOTA

COUNTY OF _____

The foregoing Housing and Redevelopment Authority in and for the City of Coon Rapids, Minnesota Guaranty was acknowledged before me _____, 2016, by _____ of _____ on his/her own behalf.

Notary Public

Executed on _____, 2016.

STATE OF MINNESOTA

COUNTY OF _____

The foregoing Housing and Redevelopment Authority in and for the City of Coon Rapids, Minnesota Guaranty was acknowledged before me _____, 2016, by _____, of _____, on his/her own behalf.

Notary Public

PROMISSORY NOTE

\$138,000.00

____, 2016

rms Company, a Minnesota corporation (the “Borrower”), for value received, hereby promises to pay to the Housing and Revelopment Authority in and for the City of Coon Rapids, Minneosta (the “Lender”) or its assigns at its designated principal office or such other place as the Lender may designate in writing, the principal sum of One Hundred dollars, Thirty Eighty Thousand and No/100 (\$138,000.00) (the “Loan”) or so much thereof as may be advanced under this Promissory Note (this “Note”), with interest as hereinafter provided, in any coin or currency which at the time or times of payment is legal tender for the payment of private debts in the United States of America.

1. a. Except as provided in Section 1.c. of this Note, the Loan shall bear interest at zero percent (0.0%). Interest, if any in accordance with Section 1.c. of this Note, shall commence to accrue as to the amount of the Loan disbursed as of the date disbursed in accordance with the Loan Agreement between the Borrower and the Lender of even date herewith (the “Loan Agreement”) evidencing the terms of the loan evidenced by this Note.

b. Subject to the provisions of Section 8.1 (b) of the Loan Agreement, up to \$138,000 of the principal balance of this Note (the “Forgivable Loan”) shall be forgiven and deemed paid on the Compliance Date (as defined in the Loan Agreement).

c. If the goals as provided in Section 8.1(b) of the Loan Agreement are not met by the Compliance Date (as those terms are defined in the Loan Agreement), or the extended Compliance Date as provided for in Section 8.2(a) of the Loan Agreement, the Lender agrees to repay all or a part of the principal amount of this Note on a pro rata basis (as further described in this Section 1. c. the “Recaptured Principal”), plus interest set at the greater of 3.0% or the implicit price deflator defined in Minnesota Statutes, Section 275.70, Subdivision 2 (“Recapture Interest”), accruing from and after the Initial Disbursement Date, compounded annually. Recaptured Principal plus Recapture Interest thereon shall be repaid not later than 30 days after the Lender notifies the Developer of the amount to be repaid pursuant to Section 8.2 of the Loan Agreement. If the Goals are only met in part by the Compliance Date, the Borrower will repay a pro rata portion of the principal amount of this Note (plus Recapture Interest).

d. Except as provided in Section 1(c), no payments shall be due on the Forgivable Loan; provided, however, accrued interest from the date of disbursement at the greater of 3.0% or the implicit price deflator defined in Minnesota Statutes, Section 275.70, Subdivision 2 will be added to any Recaptured Principal due pursuant to Section 1(c).

2. The Borrower shall have the right to prepay the principal of this Note, in whole or in part, without prepayment penalty.

3. This Note is given pursuant to the Loan Agreement and is secured by a Security Agreement of even date herewith (the "Security Agreement") covering equipment located in County of Anoka, Minnesota. In the event any such security is found to be invalid for whatever reason, such invalidity shall constitute an event of default hereunder.

4. All of the agreements, conditions, covenants, provisions, and stipulations contained in the Loan Agreement, or any instrument securing this Note are hereby made a part of this Note to the same extent and with the same force and effect as if they were fully set forth herein. It is agreed that time is of the essence of this Note. If a default occurs under the Loan Agreement, or any instrument securing this Note, and continues beyond any applicable notice and cure periods, the Lender of this Note may at its right and option, without notice, declare immediately due and payable the principal balance of this Note, together with any costs of collection including attorney fees incurred by the Lender of this Note in collecting or enforcing payment hereof, whether suit be brought or not, and all other sums due hereunder, or under any instrument securing this Note. The Borrower agrees that the Lender of this Note may, without notice to the Borrower of this Note and without affecting the liability of the Borrower of this Note, accept additional or substitute security for this Note, or release any security or any party liable for this Note or extend or renew this Note.

5. The remedies of the Lender of this Note as provided herein, and in the Loan Agreement, or any other instrument securing this Note, shall be cumulative and concurrent and may be pursued singly, successively, or together, and, at the sole discretion of the Lender of this Note, may be exercised as often as occasion therefore shall occur; and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

The Lender of this Note shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the Lender of this Note and then only to the extent specifically set forth in the writing. A waiver with reference to one event shall not be construed as continuing or as a bar to or waiver of any right or remedy as to a subsequent event. This Note may not be amended, modified, or changed except only by an instrument in writing signed by the party against whom enforcement of any such amendment, modifications, or change is sought.

6. This Note shall be governed by and construed in accordance with the laws of the State of Minnesota without regard to its conflict of laws provisions. Any disputes, controversies, or claims arising out of this Note shall be heard in the state or federal courts of Minnesota, and all parties to this Note waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

7. The headings used in this Note are solely for convenience of reference, are no part of this Note, and are not to be considered in construing or interpreting this Note.

8. This Note, with the other Loan Documents, constitutes the entire Note between the parties pertaining to its subject matter and it supercedes all prior contemporaneous Notes, representations, and understandings of the parties pertaining to the subject matter of this Note.

9. Separability. Wherever possible, each provision of this Note and each related document shall be interpreted so that it is valid under applicable law. If any provision of this Agreement or any related document is to any extent found invalid by a court or other governmental entity of competent jurisdiction, that provision shall be ineffective only to the extent of such invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note or any other related document.

10. IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts, and things required to exist, happen, and be performed precedent to or in the issuance of this Note do exist, have happened, and have been performed in regular and due form as required by law.

[Signature page follows.]

IN WITNESS WHEREOF, the Borrower has caused this Note to be duly
executed as of the ____ day of _____, 2016.

By _____

Its President

By _____

Its Treasurer

SECURITY INTEREST SUBORDINATION AGREEMENT

This Agreement is entered into as of _____, 2016 by and among Wells Fargo Bank, National Association, a national banking association, in its capacity as collateral agent under the Intercreditor Agreement as defined below (in such capacity, **“Wells Fargo”**), the City of Coon Rapids (the **“City”**), and the Housing and Redevelopment Authority in and for the City of Coon Rapids, Minnesota (the **“HRA”**); together with the City, the **“Equipment Lenders”**).

Pursuant to a Security Agreement dated as of May 23, 2014, rms Company, a Minnesota corporation (the **“Grantor”**), has granted Wells Fargo, as collateral agent under the Intercreditor and Collateral Agency Agreement dated as of May 23, 2014 among Wells Fargo Bank, National Association, JPMorgan Chase Bank, National Association and various Noteholders, as defined therein (the **“Collateral Agency Agreement”**), a security interest in substantially all of the Grantor’s personal property (the **“Wells Fargo Security Agreement”**).

Pursuant to a Loan Agreement – Minnesota Investment Fund dated as of ***[the date hereof]*** between the City and the Grantor, the City has agreed to lend up to \$700,000 to the Grantor for the purchase of the Equipment, as defined below (the **“City Loan Agreement”**).

As a condition to making any loan under the City Loan Agreement, the City has required the execution and delivery of a Security Agreement, granting the City a security interest in the Equipment to secure payment of the Grantor’s obligations to the City under the City Loan Agreement and otherwise.

Pursuant to a Loan Agreement dated as of ***[the date hereof]*** between the HRA and the Grantor, the HRA has agreed to lend up to \$138, 000 to the Grantor for the purchase of the Equipment (the **“HRA Loan Agreement”**).

As a condition to making any loan under the HRA Loan Agreement, the HRA has required the execution and delivery of a Security Agreement, granting the HRA a security interest in the Equipment to secure payment of the Grantor’s obligations to the HRA under the HRA Loan Agreement and otherwise.

As a further condition to making any loan under the City Loan Agreement or the HRA Loan Agreement, the City and the HRA have required that Wells Fargo subordinate its security interest in the Equipment to the security interest of the City and the HRA.

ACCORDINGLY, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Definitions. As used herein, the following terms have the meanings set forth below:

“Equipment” means the equipment owned by the Grantor and described in Exhibit A hereto.

“Subject Property” means all right, title and interest of the Grantor in and to the Equipment and all identifiable cash proceeds thereof.

2. Subordination of Security Interest. Wells Fargo agrees that (regardless of any priority otherwise available to Wells Fargo by law or by agreement) any security interest that Wells Fargo (for itself, as collateral agent, as administrative agent, or otherwise) has in the Subject Property shall be fully subordinate to any security interest that the City or the HRA holds in the Subject Property to secure the Grantor’s obligations under the City Loan Agreement or the HRA Loan Agreement.

3. Action by Parties. The City and the HRA may (as between the City and the HRA, on the one hand, and Wells Fargo on the other hand) take any action with respect to the Subject Property, all without notice to or consent of Wells Fargo and without any other obligation with respect thereto, except as expressly provided herein or required by law.

4. No Representations or Warranties. Neither Wells Fargo nor either of the City or the HRA makes or has made any representation or warranty to the other concerning the Subject Property or the validity, perfection or (except as to the subordination effected hereby) priority of any security interest therein.

5. No Effect on Other Rights. Notwithstanding paragraph 2, nothing in this Agreement shall affect or impair (i) the priority or parity of the rights and claims of the parties as general creditors of the Grantor (rather than as secured parties), (ii) the priority of the security interest in the Subject Property held by the City relative to the priority of the security interest in the Subject Property held by the HRA, or (iii) the priority of Wells Fargo's security interest in any property of the Grantor other than the Subject Property specifically described herein. Nothing herein shall be deemed a subordination of or any limitation of any rights in the Subject Property held by Wells Fargo in its capacity as the depository bank (rather than as the secured party under the Wells Fargo Security Agreement) with respect to any deposit account maintained at Wells Fargo into which proceeds of the Subject Property are deposited, or in any other capacity other than as the secured party under the Wells Fargo Security Agreement.

6. Failure to Perfect. The subordination effected hereunder shall be void and of no effect as to the City at any time in which the security interest in the Subject Property held by the City is unperfected. The subordination effected hereunder shall be void and of no effect as to the HRA at any time in which the security interest in the Subject Property held by the HRA is unperfected.

7. No Third-Party Beneficiary. This Agreement is solely for the benefit of the parties hereto, and neither the Grantor nor any other person is intended to be a third-party beneficiary hereunder or to have any right, benefit, priority or interest under, or because of the existence of, or to have any right to enforce, this Agreement.

8. Continuing Effect. This Agreement shall remain in effect until such time as there is no outstanding obligation of the Grantor under by the City Loan Agreement or the HRA Loan Agreement, each as in effect on the date hereof and in the form provided to Wells Fargo prior to the date hereof.

9. Miscellaneous. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their successors and assigns. This Agreement cannot be waived or changed, or the subordination hereunder terminated, except by a writing signed by the party to be bound thereby. This Agreement shall be governed by and construed in accordance with the internal laws (other than conflict laws) of the State of Minnesota. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or by e-mail transmission of a PDF or similar copy shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart signature page to this Agreement by facsimile or by e-mail transmission shall also deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability or binding effect of this Agreement.

Signature page follows.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

**WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Collateral Agent under the
Collateral Agency Agreement**

By _____
Name: Joseph L. White
Title: Vice President

CITY OF COON RAPIDS

By _____
Name: Jerry Koch
Title: Mayor

By _____
Name: Matt Stemwedel
Title: City Manager

**HOUSING AND REDEVELOPMENT
AUTHORITY IN AND FOR THE CITY OF
COON RAPIDS, MINNESOTA**

By _____
Name: Jerry Koch
Title: Chair

By _____
Name: Matt Stemwedel
Title: Executive Director

Exhibit A

Equipment



HRA Regular

3.

Meeting Date: 12/06/2016

Subject: Consider Revised Relocation Claim, Overstad Chiropractic, 1425 Coon Rapids Blvd.

From: Matt Brown, Economic Development Coordinator

INTRODUCTION

The HRA is asked to consider a revised relocation claim for Overstad Chiropractic, P.A.

DISCUSSION

At its October 18 meeting, the HRA approved a fixed moving payment in the amount of \$40,000 for Overstad Chiropractic, P.A. Overstad had leased space in an HRA-owned office building at 1425 Coon Rapids Boulevard that was vacated and demolished earlier this year. Since October, the City's relocation consultant has determined that Overstad is eligible for an additional \$2,500 for reimbursement for search expenses. The business has submitted the necessary documentation to receive this payment. Overstad Chiropractic's office has moved to a new location on Coon Rapids Boulevard. Funds for this payment are available in TIF District 1-6, which was used for the acquisition of this and other properties in Port Riverwalk. This is the final relocation payment related to the property at 1425 Coon Rapids Boulevard.

RECOMMENDATION

Staff recommends that the HRA approve a total of \$42,500 for a fixed moving payment and reimbursement for search expenses for Overstad Chiropractic, P.A.

Attachments

Location Map





HRA Regular

4.

Meeting Date: 12/06/2016

Subject: HRA Budget and Tax Levy

From: Sharon Legg, Finance Director

INTRODUCTION

The Housing and Redevelopment Authority in and for the City of Coon Rapids (HRA) must approve the budget and tax levy for 2017.

DISCUSSION

The budget for the HRA is included in the 2017 City Budget as the Housing and Redevelopment Fund. Because the HRA is considered to be a separate entity, a budget and tax levy need to be adopted by the HRA.

RECOMMENDATION

HRA Budget and Tax Levy:

- a. Adopt Resolution HRA 16-4 adopting the 2017 HRA budget.
- b. Adopt Resolution HRA 16-5 adopting the 2017 HRA tax levy.

Attachments

Resolution 16-5 HRA Budget

Resolution 16-6 HRA Tax Levy

RESOLUTION HRA NO. 16-5

RESOLUTION ADOPTING THE 2017 HRA BUDGET

WHEREAS, the Housing and Redevelopment Authority Fund is included as a part of the City of Coon Rapids budget; and

WHEREAS, revenues of \$2,772,549 and expenditures and transfers of \$3,625,673 are proposed; and

WHEREAS, these funds support economic development efforts consistent with the Coon Rapids Housing and Redevelopment Authority, provide for reviews of major commercial, industrial and housing developments and manages the tax increment program and revolving loan program; and

NOW, THEREFORE, BE IT RESOLVED that the Coon Rapids Housing and Redevelopment Authority hereby adopts the 2017 budget, a summary of which follows:

REVENUES

General property taxes	\$725,000
Tax increment collections	164,028
Investment income	282,213
Payment on notes	62,808
Other revenue	1,538,500

Total Revenues	\$2,772,549
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EXPENDITURES

Personal services	\$232,081
Other charges and services	542,167
Administrative	3,553
Supplies	1,000
Interest on loan	46,872
Land acquisitions & improvements	2,800,000

Total Expenditures	\$3,625,673
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Adopted by the Coon Rapids HRA this 6th day of December, 2016.

Jerry Koch, Chair

ATTEST:

Brad Johnson, Secretary

RESOLUTION HRA NO. 16-6

RESOLUTION ADOPTING THE 2017 HRA TAX LEVY

WHEREAS, the Housing and Redevelopment Authority Fund is included as a part of the City of Coon Rapids budget; and

WHEREAS, a preliminary levy of \$725,000 for the HRA was included in the 2017 Budget; and

WHEREAS, Minnesota Statute 469.033, Subdivision 6, limits the amount an HRA can levy to .018 percent of taxable market value which this levy is within; and

NOW, THEREFORE, BE IT RESOLVED that the Coon Rapids Housing and Redevelopment Authority hereby adopts the 2017 Tax levy for taxes payable in 2017 for the Housing and Redevelopment Authority.

Adopted by the Coon Rapids HRA this 6th day of December, 2016.

ATTEST:

Jerry Koch, Chair

Brad Johnson, Secretary